

Public Printer's Message

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As they were for everyone else in America, the events of 2001 were overshadowed at GPO by September 11 and the subsequent anthrax attacks on Capitol Hill. GPO responded by offering whatever assistance we could. When the Equal Employment Opportunity Commission's regional office was destroyed at the World Trade Center complex, we established a secure area on our Web site so that displaced EEOC employees could continue working from home or other locations. Personnel from GPO's Office of the Inspector General responded to a request from the FBI to help with the rescue and recovery efforts at the Pentagon and the World Trade Center.

When anthrax forced the closure of House and Senate office buildings, we provided temporary space for personnel from the Office of the Clerk of the House and the Senate's Office of Legislative Counsel to continue their work. We turned over the loading docks at our paper warehouse in Washington, DC, to the Capitol Police for use in screening deliveries to Capitol Hill, with up to 70 trucks a day passing through this process. Mail operations at GPO were severely hampered for a time, particularly those serving our sales of publications program, but fortunately all tests for the presence of bioagents in GPO proved negative.

In the post-September 11 environment, GPO has initiated several steps to improve the security of our personnel and buildings. These include planning for enhanced security systems for GPO and the development of off-site production and Web site capabilities to provide for continuity of operations in an emergency. We implemented rapid-turnaround production and procurement procedures to meet essential military printing requirements. We were also confronted by new issues involving the continued provision of public access to certain kinds of Government information that before September 11 had been widely available. We have been working closely with the library community and Federal agencies to ensure that all of our partners in providing public access understand procedures for and the implications of restricting public access to previously accessible information products.

Throughout the rest of the year, GPO continued the trend of providing an increased array of electronic and print information services and reducing its size. GPO's Web site, *GPO Access* (<http://www.gpo.gov/gpoaccess/>), today makes available nearly 225,000 online titles, which are downloaded by the public at the ever-growing rate of 31 million per month. Total employment stood at approximately 3,000 at yearend, a reduction of more than 35% since I took office in 1993.

Financially, GPO ended the year reporting a loss of approximately \$1.6 million from the results of normal business operations, a margin of 2 tenths of one percent on \$712.4 million in total revenues. However, this figure does not reflect two unusual accounting adjustments: a \$12 million write-off of the cost of the Sales Program's Integrated Processing System (IPS), and a required increase of \$31.4 million in the long-term estimated liability of workers' compensation benefits under the Federal Employees Compensation Act (FECA). Altogether, these factors resulted in a reported loss of \$45 million. Our financial

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statements have been prepared to reflect the uniqueness of the two adjustments. The loss will be covered by GPO's retained earnings and will not require additional appropriations.

The implementation of IPS, which will replace the Sales Program's legacy automated systems, has been delayed by modification work on the original off-the-shelf system to make it fit the Program's needs. IPS has been certified by the GPO's Inspector General to be capable of operations, and training is currently being undertaken to implement the system. During the period in which IPS was under development it was not depreciated, in accordance with generally accepted accounting principles (GAAP). However, for FY 2001, GPO's auditors recommended several options for making an accounting entry for IPS. A one-year write-off of IPS' capitalized costs was among the recommended options. We selected this option because it obviates the need to assign these costs via depreciation to future years at a time when the Sales Program is cutting expenses to meet reduced order volume. All of the system's acquisition costs have been paid for and the one-time write-off causes no additional reduction of GPO's available funds.

The adjustment to the long-term liability of GPO's workers' compensation program is based on actuarial assumptions that are different from those used to compute this liability in prior years. The difference has arisen due to changes in the assumptions used by the Department of Labor affecting the computation of this liability governmentwide, a figure which is currently forecast at \$24.7 billion. The adjustment in GPO's liability conforms to accepted Government accounting practice. As adjusted, this liability is essentially a 37- to 55-year forecast of what GPO's responsibility for workers' compensation could be in view of historical benefit payment patterns, current information related to benefit claims, and Labor Department assumptions. The required reporting of this forecast does not cause any expenditure by GPO, does not affect GPO's printing rates, and does not reflect a reduction in GPO's available funds. It is important to note that the FECA adjustment is not indicative of an increase in GPO's workplace injury and illness rates, which remain comparable to other Federal agencies with substantially industrial missions, such as the Bureau of Engraving and Printing and the U.S. Mint.

As I reported to Congress last year, the success of our Internet efforts have come at a price, resulting in an ongoing decline in our sales of print publications. In response, we have taken a number of steps to reduce program costs and increase revenues. In the past 5 years, we have cut FTE's in the sales program from 529 to 392, or 26%. Further FTE reductions of 25 and 35 are planned for FY 2002 and 2003, respectively, yielding an additional reduction of 15% during that period. We have reduced warehouse space for the program by closing our Springbelt, VA, paper warehouse and consolidating paper warehouse operations in our documents warehouse space in Laurel, MD. We have made across-the-board pricing adjustments of 20% over the past two years. In addition, we are emphasizing our online ordering service, and we have implemented a toll-free telephone ordering number and expanded credit card payments to include American Express.

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Along with these actions, we have begun closing those GPO retail bookstores around the Nation that no longer are economically viable. Closing these stores will reduce costs, and we expect to retain a substantial portion of store revenues through our online, fax, phone, and mail order operations served by our warehouse. Quick turnaround service for purchasers can be provided by express overnight delivery. At the same time, free public access to Government information will remain unaffected through local Federal depository libraries as well as GPO's Internet site. In FY 2001, we closed 4 bookstores, followed by two in early 2002. Additional closings are planned pending notification to the respective Members of Congress and affected employees.

In spite of the decline in the volume of publications sold, I believe the continued operation of a sales program that provides the public with an opportunity to purchase their own copies of Government documents, pursuant to the provisions of chapter 17 of Title 44, is justified. Our objective is to reduce the costs of this program to a level consistent with the program revenues. However, part of the costs of the sales program are indirect overhead expenses that impose a proportionally greater burden on the program as revenues have declined. This overhead includes many expenses that are unique to Government agencies. Until 1978, these sales program costs were covered by an annual appropriation. As GPO strives to find a way to continue providing the public service afforded by the sales program while minimizing its costs, it may become necessary to discuss other funding options for the program, including restoring the appropriation that once subsidized overhead costs assigned to the program.

GPO has indeed come a long way in the past decade. That journey has been made possible by the skilled and dedicated efforts of the men and women who work here. Not only would GPO's achievements have been impossible without them, but they have carved out an important role for GPO to fulfill in the electronic age ahead. It's been a great privilege to work with them.



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